1. Classic modernization theories: Lipset, Barro, and Norris
2. Revised theories: Przeworski et al. Ch 2
3. Discussion exercise: policy implications

Does economic growth lead towards democracy?

President Bush, Kyoto, Japan, 16 Nov 2005

“Other Asian societies have taken some steps toward freedom — but they have not yet completed the journey. When my father served as the head of our nation’s diplomatic mission in Beijing thirty years ago, an isolated China was recovering from the turmoil unleashed by the cultural revolution. In the late 1970s, China’s leaders took a hard look at their country, and they resolved to change. They opened the door to economic development — and today the Chinese people are better fed, better housed, and enjoy better opportunities than they ever have had in their history.

As China reforms its economy, its leaders are finding that once the door to freedom is opened even a crack, it can not be closed. As the people of China grow in prosperity, their demands for political freedom will grow as well.”

What is the evidence for this claim?

Discussion Questions

- Is economic development a necessary or sufficient condition for democratization?
- How stable are new democracies?
- Will democracy persist under economic crisis?
- Can democracy be built and sustained in poor nations?

I: Theoretical debate

Extensive literature on democracy and development:
- Seymour Martin Lipset 1959, 1993, 2004
- Samuel Huntington 1963
- Guillermo O’Donnell 1973
- Jackman & Bollen 1985
- Robert Barro 1999
- Adam Przeworski et al. 2000

Causes? Why is there a relationship between economic development and democracy?

Lipset’s classical theory

- Seymour Martin Lipset
  - “Some social requisites of democracy” APSR 1959.53: 69-105
  - “A comparative analysis of the social requisites.” JSJ 1993 45(2)
- The Democratic Century (Lipset and Lakin 2004)
- General process of societal modernization
- Industrialization, urbanization, education/literacy, communication, etc.
- Led to growth of civil society — organized labor & associations
- Societal complexity led to failure of authoritarian command
- Development generated successful challenges to dictatorial regimes
  - Eg Brazil, Portugal, South Korea, Greece
Democracy and Development  
Mid-1980s

<table>
<thead>
<tr>
<th>Economies</th>
<th>% Authoritarian</th>
<th>Semi-Democratic</th>
<th>% Democratic</th>
<th>1960 Median GNP per capita ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Income</td>
<td>74</td>
<td>20</td>
<td>3</td>
<td>260</td>
</tr>
<tr>
<td>Lower-middle</td>
<td>37</td>
<td>51</td>
<td>11</td>
<td>580</td>
</tr>
<tr>
<td>Upper-middle</td>
<td>12</td>
<td>48</td>
<td>36</td>
<td>1910</td>
</tr>
</tbody>
</table>

Source: Lipset

Panel study of nations 1960-1995
Democracy (measured by Freedom House) is consistently associated with a higher standard of living, measured by:
- Per capita GDP
- Primary school attainment
- Size of middle class

Confirms the Lipset hypothesis

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**TABLE 1**

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Electoral Rights</th>
<th>Civil Liberties</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-year lag of dependent variable</td>
<td>0.008</td>
<td>0.005</td>
</tr>
<tr>
<td>10-year lag of dependent variable</td>
<td>-0.003</td>
<td>0.001</td>
</tr>
<tr>
<td>Log(GDP)</td>
<td>0.004</td>
<td>0.000</td>
</tr>
<tr>
<td>Gap between male and female primary schooling</td>
<td>0.003</td>
<td>0.001</td>
</tr>
<tr>
<td>Urbanization rate</td>
<td>0.002</td>
<td>0.000</td>
</tr>
<tr>
<td>Log(population)</td>
<td>-0.002</td>
<td>0.000</td>
</tr>
<tr>
<td>Gini coefficient</td>
<td>0.005</td>
<td>0.003</td>
</tr>
<tr>
<td>R²</td>
<td>0.001</td>
<td>0.001</td>
</tr>
</tbody>
</table>

Observations: 187, 157, 180, 185


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**TABLE 2**

<table>
<thead>
<tr>
<th>Democratic Regime</th>
<th>Liberal Democratic</th>
<th>Constitutional Democratic</th>
<th>Participatory Democratic</th>
<th>Authoritarian</th>
<th>Liberal Democratic</th>
<th>Constitutional Democratic</th>
<th>Participatory Democratic</th>
<th>Authoritarian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coefficient (b)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>p value (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Note: Entries are ordinary least squares (OLS) regression coefficients with panel corrected standard errors (PCSE). The significance of the coefficients is determined by the two-tailed t-tests. The results are estimated using panel-corrected standard errors (PCSE), which accounts for the serial correlation and contemporaneous correlation of the disturbances. The p values apply to each period individually.
Table 4.2: Wealth, literacy, education and liberal democracy, all societies worldwide

<table>
<thead>
<tr>
<th></th>
<th>Liberal democracy</th>
<th>Liberal democracy</th>
<th>Liberal democracy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Freedom House</td>
<td>Freedom House</td>
<td>Freedom House</td>
</tr>
<tr>
<td></td>
<td>b, p, t</td>
<td>b, p, t</td>
<td>b, p, t</td>
</tr>
<tr>
<td>Real GDP/Capita</td>
<td>-1.04 (.682) ***</td>
<td>0.14 (.017) ***</td>
<td>1.00 (.010) ***</td>
</tr>
<tr>
<td>% Literacy</td>
<td>0.11 (.011) ***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Secondary education</td>
<td>0.15 (.015) ***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CONTROLS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ex-British colony</td>
<td>9.83 (.709) ***</td>
<td>8.73 (.790) ***</td>
<td>8.42 (.790) ***</td>
</tr>
<tr>
<td>Middle East</td>
<td>-15.41 (1.11) ***</td>
<td>-1.93 (.716) ***</td>
<td>-8.16 (.750) ***</td>
</tr>
<tr>
<td>Regional diffusion of democracy</td>
<td>0.644 (.029) ***</td>
<td>0.77 (.029) ***</td>
<td>0.77 (.029) ***</td>
</tr>
<tr>
<td>Ethnic fractionalization</td>
<td>-10.26 (.897)</td>
<td>-2.26 (1.00) ***</td>
<td>-0.86 (.833) ***</td>
</tr>
<tr>
<td>Population size</td>
<td>-0.01 (.001) ***</td>
<td>-0.01 (.001) ***</td>
<td>-0.01 (.001) ***</td>
</tr>
<tr>
<td>Area size</td>
<td>0.01 (.001) **</td>
<td>0.01 (.001) **</td>
<td>0.01 (.001) **</td>
</tr>
<tr>
<td>Constant</td>
<td>-20.55 797</td>
<td>625</td>
<td></td>
</tr>
</tbody>
</table>

Note: Entries for liberal democracy are unstandardized beta OLS regression coefficients (with their standard errors in parenthesis) for the pooled time-series cross-national analysis obtained using Stata’s xtpcse command with panel corrected standard errors. For the measures of democracy, standardized to 100-points and lagged by one year, see Chapter 2. For details of all the variables, see Technical Appendix A. Significance levels: ** the 0.01 level, *** the 0.001 level.

Source: Pippa Norris Driving Democracy (Forthcoming) Ch 4

Yet many exceptions: e.g. economic growth in S. Korea and Singapore

II: Revised theory - Przeworski et al

1. Are democracies more likely to emerge as countries develop economically? (Endogenous explanation)
2. Having emerged for other reasons, are they more likely to survive as democracies in developed nations? (Exogenous explanation)

Explanation

1. Dictatorships die for multiple reasons (civil war, crisis, death, external threat, popular uprisings etc.)
2. In poorer nations when regimes shift, either democracies or dictatorships may emerge
3. In wealthy nations when regimes shift, democracies persist
   a. Per capita income has a strong impact on the survival of democracy
   b. No democracy with per capita income over $6000 has ever been subverted
4. In the long run given economic development there are more democracies in the world

Model

- Minimalist definition (p14-15)
  - Dichotomous classification democratic v. dictatorial regime, not a continuous scale
  - Criteria
    a. Contestation
    b. Regimes that allow some regularized competition among conflicting visions and interests
    c. Regimes in which some values or interests enjoy a monopoly buttressed by threat or the actual use of force

Definitions & Measures

- Minimalist definition (p14-15)
  - Dichotomous classification democratic v. dictatorial regime, not a continuous scale
  - Criteria
    a. Contestation
    b. Regimes that allow some regularized competition among conflicting visions and interests
    c. Regimes in which some values or interests enjoy a monopoly buttressed by threat or the actual use of force
Operationalization

- “Democracy is a regime in which government offices are filled by contested elections.” p19b
- “Democracy is a system in which incumbents lose elections and leave office when the rules dictate.” p54.
- All other regimes are not democratic.

Subtypes:
- Democracies can be parliamentary, mixed, presidential
- Dictatorships can be bureaucracies (rule of law) or autocracies

Rules

1. Chief executive must be elected directly or indirectly
2. The lower house of the legislature must be elected
3. There must be more than one party
4. (If pass above) and if incumbents subsequently held but never lost elections, we consider such regimes authoritarian.
   - Cases of Singapore, Kenya, Mexico??
   - Examine list in Appendix 1.2

Contestation rules:
- Ex-ante uncertainty (probability that at least one member of incumbent coalition will lose)
- Ex-post irreversibility (whoever wins election will be allowed to assume office)
- Repeatability (temporary outcomes)

Minimalist exclusions

- Social or economic aspects
- Accountability, responsibility, responsiveness or representation
- Freedom, liberties or human rights
- Participation
- Civil-military relations
  - Advantages and disadvantages of this minimalist definition?

Data

- Annual observation in 141 countries from 1950-1990
- 4730 annual observation of regimes classified as democracies or dictatorships
- Appendix 1.2 Classification of regimes
  - (Updated to 2000 by Cheibub and Gandhi)

Results: Rise in democracies

Measures & controls:

1. LEVEL of economic development:
   - Per capita GNP
2. Political legacy
   - NewC - year independent after 1945
   - BritCol - British colony in 1919 (0/1)
3. Political history
   - STRA - N. of past transitions to authoritarianism
4. Religious structure
   - % Catholic, Protestant, and Muslims
5. Cleavages
   - ELF60 ethno-linguistic
   - RELDIFF religious fractionalization
6. International political climate
   - Proportion of other democracies in world
Conclusions

Predict probability of being democratic or dictatorship
- 77.5% of regimes types predicted by per capita income
- No other variable adds much to prediction
- 81.4% of regimes predicted by everything
- Some incorrect predictions (outliers) can be explained by specific factors

Conclusions Ch2.

"To summarize, the level of economic development, as measured by per capita income, is by far the best predictor of political regimes. Yet there are countries in which dictatorships persist when all other observable conditions indicate that they should not; there are others in which democracies flourish despite the odds." p.88.

Criticisms of study?

- What is excluded from the definition?
  - Participation and competition
- What is excluded from analysis?
  - Six oil rich states
  - Other institutional factors?
  - Other social structural controls?
- Focus on economic or human development?
- Causes of regime change unanswered
- Limited time period – patterns since 1990?

III. Ford Foundation Discussion Exercise

Policy Analysis Role Playing Exercise: Ford Foundation Program Management

The Program Analysis Committee has employed a Senior Program Manager for the Ford Foundation. The Foundation has decided to invest $50m over five years in the Rights and Social Justice Program aimed to encourage Governance and civic society in the developing world.

The Foundation intends to be a transparent, accountable and responsible governmental institution guided by the principles of good governance and principles of sustainability.

The Foundation has asked you to advise them about suitable criteria for this Program when evaluating how to prioritize applications for different projects in Africa, Asia and Latin America.

"In governance we foster effective, transparent, accountable and responsible governmental institutions guided by the rule of law and participation in decision-making."

The Foundation has asked you to advise on suitable criteria for this Program when evaluating how to prioritize applications for different projects in Africa, Asia and Latin America.

- To prioritize investments in projects which will directly encourage economic growth and social equality in developing countries, including improving education, encouraging literacy, and reducing extreme poverty, on the grounds that human development will gradually create the necessary social and cultural foundation for democratic consolidation.
- To prioritize investments in projects which will directly encourage the reform of political institutions, including funding independent advisors to promote free and fair elections, effective party competition, the organization of voluntary and professional associations in civil society, and a free press.

Focus your discussion on any two poorer developing countries (defined as those with a per capita GDP (PPP) of less than $4,000). What are your recommendations, and why? Use information from your experience, from Przeworski, and from the data to support your conclusions.
Next class:
1. Does democracy hinder growth? 
   Przeworski Ch 3